

Supply

The Acting Speaker (Mr. DeBlois): The hon. Minister of Finance now has the floor.

Mr. Wilson (Etobicoke Centre): Mr. Speaker, I said that I would respond to the two questions. The member for Burin—St. George's asked whether I mentioned the GST in opposition before 1984. No, and I will give the hon. member the reason why. It is because in the previous government, Mr. MacEachen, now Senator MacEachen, authorized a study on sales taxes which came to the government just around the time of the 1984 election.

I would point out to the hon. member that I did talk about it in the 1988 election. It was based on that 1988 election consideration, and all the discussions and consultations that we had beforehand is the justification for the proposal right now.

On the second question my hon. friend in his very cute answers had no alternatives, just vacuous generalities. He was asked about the increase in transfers to the provinces. The answer is 6.1 per cent on average over the last six years and the program spending for the Government of Canada—in other words, its own spending—is 3.7 per cent. So the transfer to the provinces have been considerably greater than what we have spent on all other things in the Government of Canada.

Since 1984, as my hon. friend knows, we have set forward a very clear plan of economic policy for the country. There are three fundamental issues that we have been following here. One is to deal with the nation's finances—the deficit and the debt problem.

My colleague during his comments said that we were backing away from all the major challenges. I do not see how the hon. member for a minute can say that we have backed away from the major challenges of cutting government spending when we have had to deal with difficult issues such as the closing of bases which is close to his part of the country. It has affected places there. VIA Rail has affected his part of the country—very much so. These are decisions that we do not enjoy taking, but we have not backed away from them.

On the one hand, my hon. friend criticizes me for not getting the deficit down, then on the other hand ignores the very difficult and tough decisions that we have taken in getting the deficit down.

The second area of our economic policy is reducing structural barriers, privatization, deregulation, training for people who are out of work, tax reform, both corporate and personal income tax, and now sales tax reform, and finally, getting the problem of inflation under control. We have made some very clear and very tangible progress here.

The cost of running the government today was \$100 million less last year in dollars spent—not inflation adjusted dollars but in dollar spent—than in 1984.

I have talked about our record of controlled program spending. In the operating balance, we came from a \$16 billion deficit to a \$14 billion surplus this year, a \$30 billion turnaround.

Our success here has been greater than the United States. We have moved further in a shorter period of time than the United States has in dealing with their deficit problem. So we have seen a made-in-Canada improvement in our control of our fiscal position. We have also seen a made-in-Canada improvement of the economic capacity of the government because of this range of structural policy changes that are equivalent to \$30 billion, or equivalent on an ongoing basis annually to the size of the gross provincial product of the province of Manitoba.

• (1550)

We have debated the GST. We have debated it endlessly in this House. That will put our exporters and importers on a level playing field with the international competition, something that will help us generate jobs here in Canada.

The OECD describes a process we have been following in structural reform as substantial and as noteworthy. The Economic Council of Canada review has also commented very positively on what we have been able to do in dealing with these structural issues.

Now, inflation control. Inflation was a problem. It was getting out of control, but we have brought inflation down, for the seventh consecutive month, to 4.1 per cent. We have real challenges here because the pressures are pretty substantial. As I pointed out, in the United Kingdom they were 10.9 per cent last month. That gives some indication of what happens to a country that does not take its inflation problem seriously.